

Mayor
Alice Ruby

City Manager
Dan Decker



Dillingham City Council
Bertram Luckhurst
Michael Bennett
Steven Carriere
Curt Armstrong
Kaleb Westfall
Kevin McCambley

MEMORANDUM

Date: December 30, 2024
To: Dan Decker, City Manager
From: Christopher Maines, Planning Director
Subject: January 2025 Monthly Report

First and foremost, Happy New Years! I am looking forward to 2025 and another productive year for the City of Dillingham.

Planning Commission Activities:

In the month of December, we postponed our meeting. Our next meeting is scheduled for January 8th, 2024. We currently have the preliminary plat for the creation of a new subdivision, and two replats of existing subdivisions.

Planning Department Activities:

Our City Manager and I have been working alongside the Alaska DEC for the SRF Loan application process for the water line extension to Dillingham Airport. As of this report the application draft is online in their system for the design phase. We are currently meeting the timeline our City Manager established to have the application completed by February 2025.

Our Public Works Director and I met with Domenic Calabro, Pollution Prevention & Communities Branch Land, Chemicals, and Redevelopment Division U.S. EPA, Region 10. The purpose of this meeting was to review the senate appropriation for the landfill improvements project. The initial project outline did not meet the current needs of the landfill in its current state. We received directions from the EPA on the flexibility of the appropriation and to clarify with Senator Murkowski's Office before moving forward on the request for funds. A letter is being drafted with the points outlined by our Public Works Director and I am hopeful we will get the changes we need so we can start the NEPA process.

I completed my certificate program for ARCGIS. I will be coordinating with our provider to begin the lengthy process of updating our online City Map.

The staff nominations for the CIP List have been received. Public announcements for the CIP list began advertising following the last City Council meeting. I have also reached out to the Dillingham City School District at the request of Mayor Ruby for their CIP list as well. I have not received any nominations yet from the general public, but it is still early in the process.

I will be taking the updated comprehensive plan that was developed through Agnew Beck and the Planning Commission and begin scheduling public meetings. I am hoping to have a schedule developed by January and will update the Planning Commission and the City Council on the next steps.

At the request of our City Manager, I ordered a sample kit to test PFAS contamination at the Lake Road Fire Station. This was in response to a concerned citizen who lives within the vicinity of the property. The kit was received, and the well was sampled on December 25th, 2024, by me. I followed the chain of custody protocol and sent the samples out to the lab in California the following day. When I receive the results I will forward them to our City Manager.

Ongoing Projects:

I was overjoyed to see the priority list the Council has developed in December, as it works in tandem with the things I have been working on. Attached to this report are two items. The first involves the municipal property disposal code. This works alongside the council's priority list and would be a good place to start. The second attachment is my proposal for housing development within the City of Dillingham. These two items can be addressed and reviewed by the Council. At the last City Council meeting it was proposed that staff put together a meeting of the public to discuss land development and housing. I think it is necessary that we take these proposals into consideration and involve them in that process as well. Thank you for your consideration.

Attachments: Proposed Amendments to Chapter 5.30: Municipal Property Disposal Code
Revitalizing Dillingham: A Bold Initiative for Housing Development

Proposed Amendments to Chapter 5.30: Municipal Property Disposal Code

Purpose and Need for Action

The City of Dillingham faces increasing demands for housing development and efficient utilization of municipal property. The current municipal code, while providing a solid foundation for property disposal, lacks specific provisions to effectively promote and ensure housing development. The proposed amendments aim to create a more robust framework that will facilitate residential development while protecting the City's interests.

Current Challenges

1. Limited Housing Development Focus The existing code treats all property disposals similarly, without specific provisions for promoting housing development. This one-size-fits-all approach doesn't address the unique requirements and timelines associated with residential development projects.
2. Insufficient Development Requirements Current disposal procedures lack mechanisms to ensure that properties sold for development actually result in new housing construction. Without specific requirements and timelines, properties may remain undeveloped after disposal.
3. Pricing Inflexibility The requirement to sell at appraised value may discourage development by not accounting for infrastructure costs or community benefits that developers must provide.
4. Limited Selection Methods The current disposal methods don't include modern procurement approaches like Request for Proposals (RFP), which could help select the most qualified developers and best project proposals.

Proposed Solutions

The recommended amendments address these challenges through several key changes:

1. Housing Development Framework
 - o Creates a specific category for housing development disposals
 - o Establishes clear requirements for number of units and development timelines
 - o Provides priority consideration for projects including affordable housing
 - o Ensures developments align with community needs
2. Enhanced Accountability
 - o Requires detailed development plans and project timelines
 - o Mandates evidence of financing capability
 - o Requires performance bonds to secure development commitments
 - o Strengthens reversionary clauses with specific milestones
3. Flexible Pricing Structure
 - o Allows price adjustments based on development commitments
 - o Considers infrastructure costs borne by developers
 - o Values inclusion of affordable housing units

- Accounts for broader economic benefits to the community
- 4. Modernized Selection Process
 - Introduces RFP process for complex development projects
 - Establishes clear evaluation criteria
 - Enables selection based on developer qualifications and project quality
 - Maintains transparency in selection process

Expected Benefits

1. Increased Housing Development
 - More effective conversion of municipal property into housing
 - Faster development timelines
 - Greater variety of housing options
 - Potential inclusion of affordable units
2. Economic Benefits
 - Expanded tax base
 - Increased construction activity
 - Job creation
 - Infrastructure improvements
3. Administrative Improvements
 - Clearer guidelines for staff and developers
 - More efficient disposal process
 - Better protection of city interests
 - Improved monitoring of development progress
4. Community Benefits
 - Addresses housing needs
 - Promotes planned development
 - Ensures quality construction
 - Supports community growth

Implementation

The proposed amendments can be implemented immediately upon adoption. The City Manager's office will:

- Develop standard forms and procedures
- Create RFP templates
- Establish monitoring protocols
- Train staff on new requirements

Fiscal Impact

The proposed amendments may result in:

- Potential short-term reduction in property sale revenues due to price flexibility
- Long-term increase in tax revenue from developed properties
- Reduced maintenance costs for disposed properties
- Increased administrative efficiency

Recommendation

The Planning Director recommends that the City Council adopt the proposed amendments to Chapter 5.30 of the Municipal Code. These changes will create a more

effective framework for converting municipal property into needed housing while protecting the City's interests and promoting community development.

AN ORDINANCE OF THE CITY OF DILLINGHAM, ALASKA, AMENDING CHAPTER 5.30 OF THE DILLINGHAM MUNICIPAL CODE RELATING TO DISPOSAL OF MUNICIPAL PROPERTY TO PROMOTE HOUSING DEVELOPMENT (Proposed)

THE CITY COUNCIL OF THE CITY OF DILLINGHAM DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Amendment of Section 5.30.020 Section 5.30.020(A) of the Dillingham Municipal Code is hereby amended to add:

8. Development Requirements. For housing development disposals, specific requirements including:
 - a. Number of housing units to be constructed
 - b. Development timeline
 - c. Design standards or requirements
 - d. Infrastructure requirements

Section 2. Amendment of Section 5.30.020 Section 5.30.020 of the Dillingham Municipal Code is hereby amended to add:

C. For disposals promoting housing development, the city council may consider adjusting the sale price below appraised value based on:

1. The number of housing units to be developed
2. Infrastructure costs to be borne by the developer
3. Inclusion of affordable housing units
4. Expected economic benefit to the community

Section 3. Amendment of Section 5.30.040 Section 5.30.040 of the Dillingham Municipal Code is hereby amended to add:

E. Request for Proposals (RFP) for Housing Development. The city may solicit proposals from developers through a competitive RFP process when the primary purpose is housing development. The RFP shall specify:

1. Minimum number of housing units required
2. Development timeline requirements
3. Design standards
4. Infrastructure requirements
5. Evaluation criteria for proposal selection

Section 4. Amendment of Section 5.30.070 Section 5.30.070 of the Dillingham Municipal Code is hereby amended to add:

B. For housing development disposals, the successful bidder must submit within 60 days:

1. Detailed development plans
2. Project timeline
3. Evidence of financing capability
4. Performance bond or similar security

Section 5. Amendment of Section 5.30.080 Section 5.30.080 of the Dillingham Municipal Code is hereby amended to add:

E. Disposal for Housing Development. The city council may dispose of real property to promote housing development under the following conditions:

1. A finding that the property will be developed for residential housing within a specified timeframe
2. Requirements for the minimum number of housing units to be constructed
3. A development timeline with specific milestones for permitting, construction start, and completion
4. A reversionary clause if development milestones are not met
5. Priority consideration for projects that include affordable housing units

Section 6. Amendment of Section 5.30.090 Section 5.30.090 of the Dillingham Municipal Code is hereby amended to add:

B. For housing development disposals, the reversionary clause shall include specific development milestones and completion deadlines. The city council may grant extensions for good cause shown.

Section 7. Severability If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected thereby.

Section 8. Effective Date This ordinance shall become effective immediately upon passage and publication as required by law.

PASSED and ADOPTED by a duly constituted quorum of the Dillingham City Council on

_____.

Alice Ruby, Mayor

ATTEST:

[SEAL]

Abigail Flynn, City Clerk

Chapter 5.30
DISPOSAL OF REAL PROPERTY (EXISTING CODE)

Sections:

- [5.30.010 City rights and powers.](#)
- [5.30.020 Procedures.](#)
- [5.30.030 Public notice.](#)
- [5.30.040 Method of disposal.](#)
- [5.30.050 Selection of a successful bidder.](#)
- [5.30.060 Appeal.](#)
- [5.30.070 Completion of bid requirements.](#)
- [5.30.080 Types of disposals.](#)
- [5.30.090 Reversionary clauses.](#)
- [5.30.100 Leases, easements and rights-of-way.](#)
- [5.30.110 Disposal of foreclosed property.](#)

5.30.010 City rights and powers.

- A. The city may sell, exchange, grant, dedicate, donate or otherwise dispose of city real property by any lawful means, as long as it follows the requirements of this title.
- B. The city may dispose of real property when the city council finds that it is no longer needed for municipal purposes or the conveyance will promote a public purpose. The disposal ordinance which approves the disposal will include a statement of finding.
- C. All disposals will be conducted in a fair and impartial manner. The city will have and may exercise all rights and powers in the disposal of real property as if the city were a private person.
- D. Any document which is required to carry out the land decisions of the city council will be signed by the mayor, and attested by the city clerk or notarized. Whenever possible, the form of conveyance will be reviewed by the city attorney.
- E. The city manager will furnish the city council with a summary which describes land title, the current city land inventory, and any anticipated problems which may occur in disposing the property. (Ord. 94-16 (part), 1995.)

5.30.020 Procedures.

- A. All disposals will be by ordinance. The ordinance will include:
 - 1. Finding. A finding that the property is no longer needed for municipal purposes. If the property is being disposed at less than the appraised value, the reasons will be included in the finding.
 - 2. Statement of Facts. A statement of facts which supports the finding.
 - 3. Property Description. A legal description of the property.
 - 4. Purpose or Type of Disposal. A description of the type of disposal (for example public, or economic development).
 - 5. Method of Disposal. A description of the method of disposal (for example, auction, lottery, negotiated sale or donation).

6. Property Value. A description of the appraised property value and how it is determined (for example, appraisal or a letter of opinion).

7. Public Notice. A description of the time, place and specific steps which will be followed to conduct the disposal.

B. The city council will describe the appraised value of property in the ordinance for the disposal. The value of the property will be appraised value as determined by an appraisal or a letter of opinion prepared by a qualified appraiser or assessor. The appraisal will have been made within one hundred eighty days prior to council action. (Ord. 94-16 (part), 1995.)

5.30.030 Public notice.

A. At least thirty days is required between the time a disposal ordinance is introduced and the time that it is finally adopted by the city council. Once an ordinance is introduced, it will be posted at those places outlined in municipal code for thirty days and may serve as the only public notice of disposal. (Ord. 94-16 (part), 1995.)

5.30.040 Method of disposal.

The city may dispose of municipal land using one of the following methods:

A. Sealed bid auction, with the property being sold to the qualified bidder who submits the highest sealed bid by the date and time specified in the notice and according to instructions to bidders. The minimum bid shall be the appraised value of the property as described in Section 5.30.020B, unless otherwise provided for in this title;

B. Public outcry auction, with the property being sold at a public auction to the qualified bidder who makes the highest bid. The minimum bid shall be the appraised market value of the property as determined in Section 5.30.020B, unless otherwise provided for in this title;

C. Negotiated sale or exchange. City land may be sold or exchanged by negotiation to a selected buyer or grantee if the city council determines that the sale or exchange is needed to protect or promote the public interest and the buyer or grantee has been selected without unfair discrimination among similarly situated persons;

D. Grant or donation. The city council may grant or dedicate real property to a municipality, state or federal entity, nonprofit corporation or association, or a Native village council, without a public sale and for consideration agreed upon between the city and the grantee if the city council finds that the grant or dedication is beneficial to the public. (Ord. 94-16 (part), 1995.)

5.30.050 Selection of a successful bidder.

A. If there is more than one bid at public auction or by sealed bid for a particular lot or group of lots, the lot or lots will be sold to the highest bidder. The highest bidder will be the one whose bid represents the highest total price for the property interest. In the event that two or more parties submit high but identical bids, the city council may determine the successful bidder by lot or reject all bids.

B. If it is determined that there are no acceptable offers, the city manager may negotiate for the sale or lease. However, the city council must by resolution approve the terms and price prior to entering into a written agreement.

C. In the event that the high bidder defaults, the city manager may offer the parcel for over-the-counter disposal for an amount equal to the high bid offered. (Ord. 94-16 (part), 1995.)

5.30.060 Appeal.

A bidder may appeal the city manager's determination of the apparent high bidder or irregularities in the bid process to the city council within ten working days following determination. The appeal must be in writing and contain a short statement about the grounds for an appeal. The city council will review the appeal within twenty days of receipt and rule. (Ord. 94-16 (part), 1995.)

5.30.070 Completion of bid requirements.

Following the appeal or the council's ruling, the city manager will notify the successful bidder that the city is preparing to issue an appropriate lease, deed or sales contract. Upon receipt of the notice, the bidder is granted thirty calendar days to send in any bid balance due and in addition, will complete all necessary documents. (Ord. 94-16 (part), 1995.)

5.30.080 Types of disposals.

The disposals described in this section can be authorized by the city council for less than the appraised value of the real property and may be exempted by the city council from the disposal methods described in Section [5.30.040](#) A through C. The ordinance which authorizes the disposal must comply with all other sections of this title.

A. Disposal for Public Purposes. The city council may dispose of real property to a municipality, state or federal entity, nonprofit corporation or association, or a Native village council, when the disposal is for a public purpose. This type of disposal is required to follow these requirements:

1. A finding that the disposal to the entity promotes a public purpose and a statement of facts supporting the finding;
2. A condition that the title may revert to the municipality in the event that the property is no longer used for the public purpose justifying the disposal; and
3. A waiver from the Native village council from any immunity from suit for the purpose of enforcing the reversion provision, if the disposal is to a Native village council.

B. Disposal for Economic Development. The city council may dispose of real property or an interest in real property to any person or entity to promote local trade or industry. The following requirements must be included in the non-code ordinance:

1. A finding that the property or interest in property being disposed of will be used to further local trade or industry; and
2. A condition that title will revert to the municipality in the event that the property is no longer used for the local trade or industry justifying the disposal.

C. Disposal to Settle Claims of Equitable Interest. The city may convey property to a person or entity who has a valid claim of equitable interest in the property or in a substantial improvement located upon the property.

D. Miscellaneous Disposals. The city council may settle disputed claims or litigation by authorizing disposal of real property or an interest in real property. (Ord. 94-16 (part), 1995.)

5.30.090 Reversionary clauses.

When a reversionary clause is included in a disposal conveyance and the condition of the reversionary clause is violated, the city council may decide whether the property should revert to the city. A decision to enforce a reversionary clause may be done by resolution. Any real property reconveyed to the city under a reversionary clause will be by quitclaim deed. If the city does not enforce a violation of a reversionary clause, it retains the right to enforce subsequent violations. (Ord. 94-16 (part), 1995.)

5.30.100 Leases, easements and rights-of-way.

Disposal of interest by lease, grant of easement, or right-of-way will follow the requirements of this title. The terms and conditions of leases, easements and rights-of-way will be established by the city council for each disposal. (Ord. 94-16 (part), 1995.)

5.30.110 Disposal of foreclosed property.

A. Property obtained by clerk's deed, foreclosure, or judicial order or decree is exempt from Sections [5.30.020](#) and [5.30.030](#) and subject to disposal according to the provisions of this section if disposal occurs within five years of the city obtaining the property or within ten years if the property is repurchased by the former record owner.

B. Other than repurchase by the former record owner, disposal under this section shall be by non-code ordinance conforming to the requirements of this section and other applicable code, statutory, or judicial requirements.

C. All ordinances required by this section must state:

1. The legal description of the property;
2. The address or a general description of the property sufficient to provide the public with notice of its location;
3. The name of the last known record owner of the property;
4. The means or action by which the city obtained the property; and
5. Whether the former owner shall be entitled to apply for remittal of any portion of sale proceeds.

D. An ordinance authorizing sale by auction must additionally state the method or methods of auction authorized. The ordinance may, but is not required to, state a minimum sale price.

E. An ordinance authorizing disposal of a type authorized by Section [5.30.080\(A\)](#) must additionally comply with the relevant requirements of that section. A disposal of this type is also considered property retained by the city for a public purpose.

F. Sale to the former record owner is authorized without ordinance if the former owner's statutory or code right to repurchase the property has not expired.

G. The city may sell property containing a residential building to a person, other than the former record owner or a person sharing a dwelling unit with the former record owner, who has a valid claim of a substantial equitable interest in the property or in a substantial improvement located upon the property for an amount equal to the tax

assessed value of the property, or, if the property is sold by auction, and if the person otherwise is in full conformity with the invitation for bids, the recognized equitable interest holder shall be considered as high bidder if the interest holder's bid is no more than twenty percent less than the highest bid received from a bidder not having an equitable interest recognized by the city manager in accordance with this section.

1. The determination of a valid claim of a substantial equitable interest in the property or in a substantial improvement located upon the property shall be made by the city manager upon proof provided by the claimant and solely at the city manager's discretion.

2. A claimant who seeks a bidder preference under this subsection must present the claim and supporting evidence to the city manager no later than five business days after an ordinance authorizing disposal of the property is set for public hearing.

3. Under this subsection, occupancy of the property, or a portion thereof, as a primary residence for two years or more prior to the date the foreclosure action was filed may be considered a substantial equitable interest by the city manager.

4. In this subsection, "residential" means a building or area of buildings used primarily as dwelling units and "dwelling unit" means a room or group of rooms intended for use as living quarters for one family, including washing, sleeping, cooking and eating facilities. (Ord. 15-12 § 2, 2015.)

Revitalizing Dillingham: A Bold Initiative for Housing Development

Introduction

Dillingham, Alaska, a community rich in culture and natural beauty, faces a critical juncture in its development. Like many remote Alaskan towns, we grapple with a pressing housing crisis that threatens our ability to grow, retain our population, and attract vital professionals to our community. Today, we present a visionary yet practical approach to address this challenge head-on, drawing inspiration from successful initiatives in other Alaskan communities while tailoring solutions to Dillingham's unique needs.

The Challenge

Our community faces two significant hurdles in housing development:

1. The exorbitant cost of construction materials, further inflated by hefty shipping expenses.
2. The immediate burden of property taxes on newly constructed homes and rental properties.

These factors have created a stagnant housing market, deterring both private and public developers from investing in our community's future.

Our Proposal: A Two-Pronged Approach

We propose two innovative measures that will not drain city resources but will demonstrate Dillingham's commitment to growth and development:

1. Property Tax Exemption for New Construction

Following the successful model implemented in Wasilla, we propose exempting newly constructed rental properties and homes within Dillingham from real property taxation for a period of 5-10 years.

Benefits:

- Stimulates economic growth by encouraging construction projects
- Creates jobs in the construction sector and related industries
- Attracts outside investment to our community
- Increases long-term tax revenue through expanded housing stock
- Helps retain current residents and attract new ones

2. Reduced Shipping Fees for Building Materials

We propose exempting or significantly reducing the wharf, handling, and tariff fees for shipping building materials intended for new home and rental property construction within Dillingham.

Benefits:

- Directly lowers construction costs, making projects more viable
- Encourages the use of higher-quality, more durable materials
- Supports local construction companies and suppliers
- Sets Dillingham apart as a forward-thinking, development-friendly community

Implementation Strategy

To ensure the success of these initiatives, we propose the following approach:

1. **Pilot Program:** Begin with a targeted pilot in a specific area or for a particular type of development.
2. **Clear Eligibility Criteria:** Establish transparent guidelines to ensure the incentives are used as intended.
3. **Regular Review:** Conduct annual assessments to measure the program's effectiveness and make necessary adjustments.
4. **Community Engagement:** Host town halls and workshops to gather input and build community support.

5. **Economic Impact Study:** Partner with local economists to project the long-term benefits of these initiatives.

Addressing Potential Concerns

We anticipate and are prepared to address several potential concerns:

- **Maintaining City Services:** We will present a detailed plan to ensure essential services remain fully funded during the tax exemption period.
- **Preventing Abuse:** Strict oversight measures will be implemented to prevent any misuse of these incentives.
- **Long-term Financial Impact:** Our projections show that the increased tax base after the exemption period will more than offset the initial revenue deferment.

The Broader Impact

This initiative extends far beyond just creating more housing. It's about building a stronger, more vibrant Dillingham:

- **Economic Diversification:** A thriving construction sector can help reduce our economic reliance on seasonal industries.
- **Attracting Professionals:** Improved housing options will make it easier to recruit and retain teachers, healthcare workers, and other professionals crucial to our community's well-being.
- **Community Health:** Better housing directly correlates with improved health outcomes and overall quality of life.
- **Environmental Considerations:** By enabling the use of modern, energy-efficient materials, we can reduce our community's carbon footprint.

Call to Action

Dillingham stands at a crossroads. We can choose to maintain the status quo and watch as our housing crisis deepens, or we can take bold, proactive steps towards a brighter future. This proposal offers a path forward that is both ambitious and achievable.

Together, we can build a Dillingham that not only meets the needs of our current population but is poised for sustainable growth and prosperity in the years to come.

Let's seize this opportunity to show that Dillingham is not just a great place to visit, but an even better place to call home.

Thank you for your consideration.